



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
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FOUR SECURITIES ACTIONS RESULT IN RESTITUTION, PENALTIES, REFUNDS & REVOCATIONS

PHOENIX – On Thursday, the Arizona Corporation Commission entered orders in four separate actions against securities fraud or misrepresentation. The Commission ordered the payment of restitution of \$884,100 and penalties of \$445,000. The Commission also ordered a tour operator to offer refunds totaling \$200,500, plus interest, to people who invested in his business. Finally, the Commission revoked a securities salesman's registration based on a forgery conviction and another securities salesman's registration based on unethical conduct.

Easy Money Auto Leasing, Superior Financial Services, David French and James Cicerelli

The Commission ordered two Phoenix companies, Easy Money Auto Leasing, Inc. and Superior Financial Services, Inc., and their principals, James A. Cicerelli and David P. French, to pay restitution of \$884,100 to defrauded investors. They must also pay penalties totaling \$430,000. Cicerelli and French are both from Phoenix.

According to the order, the companies raised over \$1,400,000 from 29 investors between 1998 and 2000. Investors were told that Easy Money was purchasing cars from people who needed fast access to cash. The company would then immediately lease the car back to the seller at a high rate of interest. Investors were promised returns of 30 to 36 percent. However, the Commission found that little of the money was used for that business. Rather, Easy Money operated a ponzi scheme, using much of the money they raised to pay interest to other investors. Additionally, Cicerelli and French used the money they raised for personal expenditures, including vacations and living expenses. Easy Money filed for bankruptcy protection on August 23, 2000.

The order finds that the parties misled investors, by hiding a prior criminal record from the investors, failing to provide accurate financial statements, using misleading numbers to convince people to invest and hiding the fact that investor funds were used to pay Cicerelli and French's personal expenses. David French was convicted in 1995 of making false statements in connection with an application for, and use of, a passport.

Fraud in the sale of promissory notes has been one of the most troublesome investment scams in recent years. Regulators estimate losses in the hundreds of millions of dollars. The Commission has brought several actions involving promissory notes in the last year, with damages of over \$10 million. Many involve elderly investors who have lost their life savings.

Grand Canyon Wagon Adventure Tours & Floyd Willard Dwiggin, Jr.

The Commission ordered Grand Canyon Wagon Adventure Tours, Inc., and Floyd Willard Dwiggin, Jr., of Meadview, Arizona, to cease the fraudulent sale of unregistered securities. Dwiggin and the corporation consented to pay penalties of \$10,000. The consent agreement requires Dwiggin to offer to refund \$200,500 plus interest to investors. The penalty would be reduced to \$5,000 if Dwiggin complies with the terms of the order.

Dwiggin sold approximately 231 shares of stock to investors in Grand Canyon Wagon Adventure Tours, Inc. The investments were earmarked to start up and fund operations of horse-drawn wagon tours to the Grand Canyon. While promising significant returns, Dwiggin did not disclose that projected revenues were pure speculation. He also used investor funds to make improvements to real property he held in his own name. He also failed to disclose that he had authorization from the corporation's directors to purchase the corporation's assets for \$1 if the business venture failed.

Alan Bruce Stoner

The Commission revoked the registration of Alan Bruce Stoner based upon a forgery conviction because he lacked the integrity to practice as a securities salesman. Alan Bruce Stoner was formerly associated with Salomon Smith Barney until November 5, 1998, and later with Charles Schwab & Co. until his termination on March 5, 2002. On February 12, 2002, Stoner was convicted in Maricopa County Superior Court after entering a guilty plea for forgery.

The Maricopa County Superior Court sentenced Stoner to serve six months for the forgery charge. Stoner also was ordered to do 200 hours community service work beginning September 1, 2002, and to pay restitution in the amount of \$6,000. After being notified of the Commission's intent to revoke his registration as a securities salesman, Stoner never requested a hearing.

Estate Conservation Strategies & Charles Conatser

The Commission ordered Charles Conatser and his company, Estate Conservation Strategies, Inc., operating out of Tucson, Arizona, to pay penalties of \$5,000, and revoked Conatser's securities salesman registration for dishonest and unethical conduct after the Arizona Corporation Commission approved a proposed consent order. Borrowing money from a client is forbidden by state securities laws and National Association of Securities Dealers (NASD) rules.

According to the order, Conatser borrowed \$20,000 from an elderly customer, Frances Foster, now deceased. Conatser had issued the elderly woman a promissory note stating that he intended to use the money to buy furniture for his business. The note Conatser drafted and issued to Foster stated that it was "secured by a right to all office furniture and equipment at the offices of Estate Conservation Strategies." He failed to take the legal steps necessary to secure an interest in the furnishings or equipment. Foster's estate brought a lawsuit against Conatser for repayment of the debt.

Conatser was a registered securities salesman in Arizona since April 1987. Most recently, Conatser was registered in Arizona with Legacy Financial Services, Inc. from December 17, 1998 until his revocation. He was previously registered in association with Caprock Securities, H.D. Vest Investment Securities and SunAmerica Securities.

On November 17, 1994, while Conatser was associated with H.D. Vest, doing business as Capital Financial Consultants, Ltd., he filed applications with the Arizona Corporation Commission for licensure as an investment advisor. The Commission denied the applications based upon findings that the filed applications failed to disclose a previous bankruptcy filing.

The Arizona Corporation Commission's Securities Division offers many educational resources on investments. Investors are encouraged to investigate an opportunity before investing. To check the

licensure or background of someone promoting an investment or to check for proper registration, call the Commission at (602) 542-4242, toll free at 1-877-811-3878, or on the web at www.ccsd.cc.state.az.us.

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